



Police Officers Retirement System

PORS Member Handbook

July 2011 Edition
(Revised Jan. 12, 2012)

SOUTH CAROLINA
RETIREMENT SYSTEMS



SC BUDGET AND CONTROL BOARD

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Contacting the South Carolina Retirement Systems

Office Hours

8:30 a.m. - 5:00 p.m.

Phone

803-737-6800

800-868-9002 (within SC only)

Mailing Address

P.O. Box 11960

Columbia, SC 29211-1960

www.retirement.sc.gov

Locating the South Carolina Retirement Systems

Location Address

202 Arbor Lake Drive

Columbia, SC 29223

Directions from Downtown Columbia

The Retirement Systems' office is located at 202 Arbor Lake Drive, approximately five miles north of Columbia. To reach our office from downtown Columbia, head north on the Bull Street Extension, which becomes SC-277, and exit right on Fontaine Road. Then turn right on Fontaine Road and make another right into the Fontaine Business Center (Arbor Lake Drive). You will see signs directing you to the Retirement Systems' building and visitors' parking area.

Directions from the Interstate From I-20 (Augusta or Florence)

Take Exit 73-A to SC-277 toward Columbia and exit at Fontaine Road. Then turn right on Fon-

taine Road and make another right into the Fontaine Business Center (Arbor Lake Drive). You will see signs directing you to the Retirement Systems' building and visitors' parking area.

From I-26 East (Spartanburg)

Take I-20 East toward Florence and take Exit 73-A to SC-277 toward Columbia and exit at Fontaine Road. Then turn right on Fontaine Road and make another right into the Fontaine Business Center (Arbor Lake Drive). You will see signs directing you to the Retirement Systems' building and visitors' parking area.

From I-26 West (Charleston)

Take Exit 116 (I-77 North) toward Charlotte and exit to I-20 toward

Augusta (Exit 16). Take Exit 73-A to SC-277 toward Columbia and exit at Fontaine Road. Then turn right on Fontaine Road, and make another right into the Fontaine Business Center (Arbor Lake Drive). You will see signs directing you to the Retirement Systems' building and visitors' parking area.

From I-77 South (Charlotte)

Take Exit 18 to SC-277 toward Columbia and exit at Fontaine Road. Then turn right on Fontaine Road and make another right into the Fontaine Business Center (Arbor Lake Drive). You will see signs directing you to the Retirement Systems' building and visitors' parking area.

THIS HANDBOOK CONTAINS AN ABBREVIATED DESCRIPTION OF THE RETIREMENT BENEFITS OFFERED BY THE SOUTH CAROLINA RETIREMENT SYSTEM. THE INFORMATION IN THIS HANDBOOK IS MEANT TO SERVE AS A GUIDE FOR OUR MEMBERS AND DOES NOT CONSTITUTE A BINDING REPRESENTATION OF THE SOUTH CAROLINA RETIREMENT SYSTEMS. TITLE 9 OF THE SOUTH CAROLINA CODE OF LAWS CONTAINS A COMPLETE DESCRIPTION OF THE RETIREMENT BENEFITS, THEIR TERMS AND CONDITIONS, AND GOVERNS ALL RETIREMENT BENEFITS OFFERED BY THE STATE. STATE STATUTES ARE SUBJECT TO CHANGE BY THE GENERAL ASSEMBLY. PLEASE CONTACT THE RETIREMENT SYSTEMS FOR THE MOST CURRENT INFORMATION.

THE LANGUAGE USED IN THIS HANDBOOK DOES NOT CREATE ANY CONTRACTUAL RIGHTS OR ENTITLEMENTS AND DOES NOT CREATE A CONTRACT BETWEEN THE MEMBER AND THE SOUTH CAROLINA RETIREMENT SYSTEMS. THE SOUTH CAROLINA RETIREMENT SYSTEMS RESERVES THE RIGHT TO REVISE THE CONTENT OF THIS HANDBOOK.

General Information

The South Carolina Police Officers Retirement System (PORS) is a defined benefit retirement plan administered by the South Carolina Retirement Systems, a division of the SC Budget and Control Board. This handbook provides a general introduction to PORS and its benefits.

PORS provides service and disability retirement, deferred service retirement, and survivor benefits.

Membership

PORS membership includes police officers and firefighters employed by the state, and any participating political subdivision, agency, or department of the state. Police officers, peace officers, firefighters, coroners, magistrates and probate judges are eligible for membership in PORS under the following circumstances:

Police Officers – A police officer is defined as a person who is required by the terms of his or her employment to give his or her time to the preservation of public order; protection of life and property; and the detection of crime in the state. Police officers must also earn at least \$2,000 per year and

devote at least 1,600 hours per year to this work unless exempted by statute.

Coroners and Deputy Coroners - Coroners and deputy coroners in a full-time, permanent positions who meet the above requirements are also considered police officers.

Peace Officers – A peace officer is a person who is employed and certified by the SC Department of Corrections, the SC Department of Juvenile Justice, or the SC Department of Mental Health. Peace officers must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work unless exempted by statute.





Firefighters – A firefighter is a person who gives his or her time to prevention and control of property destruction by fire. A firefighter must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work unless exempted by statute.

Magistrates¹ – Newly appointed magistrates are required to participate in PORS for service as a magistrate.

Probate Judges¹ – Probate judges may elect to participate in PORS or they may elect to participate in the South Carolina Retirement System (SCRS).

The SC Budget and Control Board makes the final determination whether any person may become a PORS member.

Membership is mandatory as a condition of your employment with a participating employer. Your PORS membership starts when you earn compensation from a participating

employer and make contributions to your PORS retirement account.

You are considered an active member if you are working for an employer participating in the Retirement Systems, earning service credit, making regular contributions to a PORS retirement account, and have not retired or terminated from covered employment. You must be an active member to receive most of the benefits described in this handbook.

Active members receive a member statement each year that shows their employee contributions and interest, service credit, and retirement account beneficiaries.

Correlated Systems

PORS, SCRS, and the General Assembly Retirement System (GARS) are correlated systems. If you have contributions in more than one of these retirement systems, your service credit is maintained separately within each system; however, your service credit is added together to determine your eligibility for retirement benefits.

¹ These members are not subject to the 1,600-hour and \$2,000 per year requirements.

Contribution Rates

You contribute a tax-deferred 6.5 percent of gross pay into your PORS retirement account. If you have not retired, your account earns 4 percent interest compounded annually on your balance as of the previous June 30.

Beneficiaries

Active members may designate three types of beneficiaries:

- Primary beneficiaries for your in-service death benefit or refund of contributions. Multiple beneficiaries share equally in survivor monthly benefits;
- Contingent beneficiaries in case of the death of the primary beneficiaries. All primary beneficiaries must be deceased before any contingent beneficiaries will be paid; and
- Incidental death benefit beneficiaries.

You may name your estate as a beneficiary; however, monthly benefit payments cannot be paid to an estate.

Active members may change their beneficiaries at any time before retirement.

Active Member Incidental Death Benefit

If, as an active member, you die in service with at least one year of service credit and your employer provides incidental death benefit coverage, a payment equal to your current annual earnable compensation will be paid to your designated beneficiary or trustee. If your death results from a job-related injury, the one-year requirement is waived.

Amounts paid to your beneficiary are considered taxable benefits; therefore, state and federal taxes will be withheld unless your beneficiary rolls over the money into another qualified retirement plan.

State agencies and public school districts automatically provide incidental death benefit coverage to their employees; however, coverage is optional for other employers. If an employer elects to provide incidental death benefit coverage for its employees, the employer must pay the required contribution rate for the coverage.

Accidental Death Program

This program provides a survivor benefit if your employer is covered and you die as a result of an injury by external accident or



violence incurred while undergoing a hazard peculiar to your employment while in the actual performance of duty, without willful negligence on your part.

An accidental death benefit payment will be made monthly to your surviving spouse for life. If you have no spouse or your spouse dies before your youngest child has attained age 18, the benefit is divided equally among the surviving children, each of whom will continue to receive a benefit until reaching age 18 or upon death, whichever occurs first. If you have no spouse or child under age 18, the benefit will be paid to your surviving father and/or mother for life.

The monthly benefit payable to your survivor through the Accidental Death Program will be subject to federal and state taxes.

State agencies automatically provide Accidental Death Program coverage to their employees; however, coverage is optional for other employers. If an employer elects to provide Accidental Death Program coverage for its employees, the employer must pay the required contribution rate for the coverage.



Service Credit

Establishing Service Credit

Active members may establish various types of previous employment and leaves of absence, and up to five years of non-qualified service. Generally, a member on leave without pay from a participating employer is not eligible to purchase service credit of any type. Descriptions of these types of service credit follow.

Purchasing Service Credit

You may purchase service credit by a lump-sum payment, an installment service purchase (pre- or after-tax, plus interest), or a tax-deferred rollover from an Individual Retirement Account (IRA), a 401(k) plan, a 401(a) plan, a 403(b) plan, or a 457 plan.

You may purchase each type of service credit once within a fiscal year. If you are purchasing service to meet retirement eligibility, contact the Retirement Systems for more information. Payment for service purchases must be made in full prior to your retirement date or termination from employment.

If you previously purchased periods of part-time credit or previously earned periods of part-time credit, you may be eligible to purchase additional service credit at an additional cost. Please contact the Retirement Systems for more information.

Some types of purchased service may not be used in determining retiree health insurance eligibility. Contact your employer or health insurance provider for insurance coverage information. If you are covered by state health insurance, contact the Employee Insurance



Program at 803-734-0678 or toll free at 888-260-9430 for eligibility information.

Descriptions of Types of Service

Transfer from SCRS to PORS

If you are an active member of PORS, you may transfer your **nonconcurrent** SCRS service credit to your PORS account by paying 5 percent of your current earnable compensation for each year transferred.

Your SCRS contributions plus interest and nonconcurrent service credit are then transferred to your PORS account. SCRS earned service that is transferred to PORS is considered earned service for the determination of the PORS minimum service requirement for benefit eligibility. Earnings that are associated with the service that is transferred from SCRS to PORS are not included in the calculation of your average final compensation.

Public Service

You may establish service credit for any period of paid public service for which you do not already have service credit in another defined benefit plan from which you may receive a benefit. Public service constitutes service as an employee of the government of the United States, a state, or political subdivision of the United States. The cost is 16 percent of current earnable compensation or career highest fiscal year earnable compensation, whichever is greater, for each year purchased.

Educational Service (K-12)

You may establish service credit for any period of paid classroom teaching consisting of grades kindergarten through 12 in a public, private, or sectarian school for which you do not already have service credit in another defined benefit plan from which you may receive a benefit. The cost is 16 percent of current earnable compensation or career highest fis-

cal year earnable compensation, whichever is greater, for each year purchased.

Military Service

You may establish up to six years of service credit for any period of military service for which you do not already have service credit in PORS, SCRS, or GARS. This includes service in the United States Army, Navy, Marine Corps, Air Force, Coast Guard, Select Reserves, and Army or Air National Guard. The cost is 16 percent of current earnable compensation or career highest fiscal year earnable compensation, whichever is greater, for each year purchased. Your discharge from service must be under conditions other than dishonorable. Under guidelines set forth by the Uniformed Services Employment and Reemployment Rights Act (USERRA), you may also arrange in advance with your employer to continue contributing to your account while on active duty military leave or make the contributions after returning from military leave within a period three times longer than your military leave, but not more than five years.

Leave of Absence

Active members on an employer-approved leave of absence who return to covered employment within four years may purchase service credit for the employer-approved leave period for which they do not already have service credit, up to a maximum of two years per leave of absence. The leave of absence must be with an employer covered by the Retirement Systems. The cost is 16 percent of current earnable compensation or career highest fiscal year earnable compensation, whichever is greater, for each year purchased.

Workers' Compensation

You may establish service credit for a period while on leave of absence and receiving workers' compensation benefits. The cost is based on contributions plus interest using your earnable compensation at the time of injury. You may also arrange in advance with your employer to continue contributing to your account while you are receiving workers' compensation benefits.

Previously Withdrawn PORS Service

If you left employment and received a refund of your contributions plus interest from the Retirement Systems, you may re-establish this service upon returning to active membership. You must repay the amount you withdrew plus interest to the date your request is received. Previously withdrawn earned service that is re-established in PORS is considered earned service for the determination of the PORS minimum service requirement for benefit eligibility. Please note that earnings associated with a re-established withdrawal will be considered for possible



inclusion in the calculation of a member's average final compensation and any subsequent service purchase calculations.

Non-Qualified Service

Active members who have five or more years of earned service credit may establish up to five years of non-qualified service. The cost is 35 percent of current earnable compensation or career highest fiscal year earnable compensation, whichever is greater, for each year purchased.

State Optional Retirement Program Service

Active contributing members may purchase service credit for their years of participation in the State Optional Retirement Program (State ORP) administered by the South Carolina Retirement Systems. The cost is 16 percent of current earnable compensation or career highest fiscal year earnable compensation whichever is greater, for each year of service purchased.

You may not purchase service for a period of State ORP participation for which you may receive a retirement benefit from another defined benefit retirement plan. State ORP service that is established in PORS through the service purchase process is considered earned service for the determination of the PORS minimum service requirement for benefit eligibility.

In-Service Death

If as an active member you die in service, your designated beneficiary may be entitled to receive the following benefits:

If you are under age 55 and have up to 14 years of service credit:

- Accidental death survivor benefit if your death was job-related and under circumstances covered by the Accidental Death Program;
- Active member incidental death benefit (if you have less than one year of service credit your death must be job-related); **and**
- Refund of employee contributions plus interest **or** \$1,000 (whichever is greater).

If you have 15 or more years of service credit, five years of which must be earned service:

- Accidental death survivor benefit if your death was job-related under circumstances covered by the Accidental Death Program;





- Active member incidental death benefit; **and**
- Beneficiary's choice of monthly benefit **or** refund of employee contributions plus interest **or** \$1,000 (whichever is greater).

If you are age 55 or older with at least five years of earned service as of your date of death:

- Accidental death survivor benefit if your death was job-related under circumstances covered by the Accidental Death Program;
- Active member incidental death benefit (must have at least one year of service); **and**
- Beneficiary's choice of monthly benefit **or** refund of employee contributions plus interest **or** \$1,000 (whichever is greater).

Active member incidental death benefits are paid only if your employer provides incidental death benefit coverage.

Disability Retirement

Who May Apply

You may apply for disability retirement if you become physically or mentally incapable of performing the regular duties of your job and your disability is likely to be permanent. Becoming disabled does not automatically qualify you for disability retirement; you must file an application and go through the review process.

The Retirement Systems must receive your disability retirement application within 90 days of the date of your termination from covered employment.

You must have at least five years of earned service credit toward retirement unless your disability is the result of an injury arising out of and in the course of the performance of your job duties.

You may arrange with your employer to make your Retirement Systems' contributions through your employer if your disability requires you to be placed in an employer-approved leave status while receiving workers' compensation benefits. Doing so will ensure that you continue to earn Retirement Systems service credit during your workers' compensation leave period.

Do not wait to apply for disability benefits until your workers' compensation claim is finalized. Many workers' compensation claims are often settled after covered employment has ended.

If your disability claim is denied, the continuance of paying contributions and earning Retirement Systems service credit may be important to your long-term retirement plans. Retired members who work for a participating employer are not eligible to apply for disability benefits.

How to Apply

If you meet the disability filing criteria, go to our website or contact Customer Services to obtain a disability retirement packet. When you file your disability retirement claim, please complete all of the forms in the disability retirement packet. You do not, however, need to include any medical records from your health care providers.

You should file your application for disability retirement as soon as you become disabled. The Retirement Systems must receive your disability retirement application within 90 days of the date of your termination from covered employment or you will not be eligible to participate in the disability retirement program.

If you do not receive notification in the mail confirming the Retirement Systems' receipt of your application within 10 days after submitting it, please contact Customer Services.

If you are eligible for service retirement when you become disabled, you may apply for service retirement and begin receiving benefits while awaiting determination of your disability claim; however, you will receive only one type of payment, so if your disability claim is approved, your service retirement benefit will cease.

Processing the Claim

Your medical records will be obtained from your health care providers by our disability determination provider and evaluated to deter-



mine the severity and limiting effects of your physical or mental impairment.

The final determination is made by the Retirement Systems. If your claim is denied, you will have an opportunity to appeal the denial.

Please allow a minimum of three months after all required documentation has been received from you, your employer, and your health care providers for your disability application to be processed. If you do not receive notification of the Retirement Systems' decision within three months, please contact Customer Services.

Effective Date

If your disability retirement claim is approved, the effective date for benefits will be the 30th day after your application is received by the Retirement Systems or the day after your last day on your employer's payroll, whichever is later.

A disability benefit, once approved, may be discontinued if:

- You regain a certain earning capacity; **or**
- Medical evidence indicates that you are no longer disabled; **or**
- Your disability benefits were not approved following a continuing disability review.

Periodic medical reexaminations may be required up to age 55. If the Retirement Systems determines that your disability benefits should cease because of an improvement in your medical condition, your retirement benefits will stop the month of your scheduled continuing disability review or the month of the Retirement Systems' decision, whichever is later.

Benefit Payments

A disability applicant has the same payment options as a service retiree (see Page 15).

Because the Retirement Systems does not determine your disability based on the criteria for a disability that is total and permanent, like the Social Security Administration, your disability benefits are considered to be a normal distribution from your retirement account.

Disability benefits paid by PORS are based on approval for an occupational or job-related disability. Per IRS guidelines, all such benefits are reported as normal distributions with a distribution code of 7 on IRS form 1099-R.

For tax information, contact the Internal Revenue Service (IRS),





the South Carolina Department of Revenue if you live in South Carolina, and/or a tax advisor.

If you also receive benefits from the Social Security Administration that are based on total and permanent disability, such benefits are reported to you with a distribution code of 3 on IRS form 1099-R.

If you are considered to be totally and permanently disabled, benefits paid by the Retirement Systems may be eligible for additional tax credits. Please refer to the instructions for completing IRS Schedule R when preparing your income tax return.

Returning to Employment While Receiving a Disability Retirement Benefit

If you are under age 55 and receiving a PORS disability benefit, you should report earnings from any gainful (public or private) employment to the Retirement Systems annually because there is an earnings limitation for all employment which is applied on a calendar-year basis.

You may earn the difference between your adjusted average final compensation (AFC) at retirement and your disability retirement benefit without affecting your retirement benefits.

Your AFC may be adjusted each year for inflation for earnings limitation purposes only. This increase generally matches the percentage of the annual increase in the Consumer Price Index for Wage Earners and Clerical Workers (CPI-W). These adjustments affect the amount you can earn while receiving a disability retirement benefit; however, they do not affect the amount of your benefit.

You will receive a letter each February advising you of how much you can earn and requesting confirmation of your prior year's earnings. You will have to repay any benefits that you received to which you were not entitled.

If you earn more than the difference between your adjusted AFC and your disability benefit amount, your monthly benefit will be reduced or possibly canceled. If you return to work with an employer covered by the Retirement Sys-

tems and your earnable compensation is equal to or greater than your adjusted AFC, your disability retirement benefit ceases and you must become an active member of the Retirement Systems.

At age 55, there is no disability earnings limitation for wages earned from either public or private employment.



Leaving Before Retirement

If you leave your job and terminate all employment covered by the South Carolina Retirement Systems before you are eligible to retire, you have two options concerning your contributions:

- Request a refund of your contributions and interest; or
- Leave your funds in the Retirement Systems. Your account will continue to accrue interest at 4 percent compounded annually.

Request a Refund

To receive a refund of your accumulated contributions and interest you must complete a *Refund Request* (Form 4101) and return it to the Retirement Systems. You may submit your refund request immediately upon termination, however by law, there is a minimum 90-day waiting period from your date of termination until a refund can be made.

If you receive a refund, you forfeit your rights to any future service retirement or disability benefit. Employer contributions are not refunded. If you are working for two or more covered employers and/or contributing to more than one retirement account (i.e., working two jobs and paying into a PORS and an SCRS account), you must stop working in all correlated systems to request a refund from any account.

Instead of having the refund paid directly to you, you may choose to roll over the funds into an IRA, a 401(k) plan, a 401(a) eligible plan, a 403(b) plan, or some 457 plans (the South Carolina Deferred Compensation Program's 457 plan does not accept rollovers from your

Retirement Systems account). The Retirement Systems is required to withhold federal taxes of 20 percent on the taxable portion of any refund that is eligible for a rollover but is not transferred directly into another qualified retirement plan.

Other taxes or penalties may apply as well. Under the federal Pension Protection Act of 2006, the 10 percent withdrawal penalty is waived for public safety members who separate from service after age 50 and military reservists and national guardsmen who are called to active duty for at least 180 days. Check with an accountant or tax advisor regarding your tax liability.

Leave Funds on Deposit

When you leave your money on deposit with the Retirement Systems, your account continues to accrue interest and you retain your years of service credit, which may be added to any future service you may accrue, should you later become employed in a position covered by the Retirement Systems.

You may apply for a refund at a later date or apply for a service retirement benefit upon reaching eligibility. No action is required if you wish to retain your membership and leave your funds on deposit, but it is your responsibility to keep the Retirement Systems informed of your current address as well as any name or beneficiary changes.

Service Retirement

A good way to begin the planning process for retirement is to attend a retirement seminar offered by the Retirement Systems. Sessions are held regionally in the fall. The

seminar schedule can be found online at www.retirement.sc.gov/events. You may also register to attend a seminar through this website.

If you are considering retirement, you may conduct an individual personalized consultation by telephone or in person at our office. Simply contact Customer Services to arrange a consultation.

When to Apply

You must file an application with the Retirement Systems to retire; it is not automatic. We encourage you to file your application as early as six months prior to your desired effective date of retirement but no later than 90 days afterward.

Retirement applications and other forms are available on our website at www.retirement.sc.gov or you may contact Customer Services to obtain these forms.

If you do not receive notification of the Retirement Systems' receipt of your application within 10 days after submitting it, contact Customer Services. Please do not terminate





audited your service credit and you receive official notice of your retirement eligibility. This official notice will be sent to you in the mail and is entitled, "Notification of Retirement Eligibility and Estimated Benefit."

Retirement benefit estimates may be obtained from the Retirement Systems but are projected based on information you provide and information in the Retirement Systems' records. Benefit estimates are subject to change following an audit of your account after your retirement application is received.

Eligibility

If you meet the following requirements, you are considered eligible to retire (see **Correlated Systems** on Page 2 if you have an account in more than one retirement system):

- 25 years of service on the date of retirement, five years of which must be earned; or
- Age 55 or older on the date of retirement with at least five years of earned service.

Your Average Final Compensation

Your average final compensation (AFC) is an important part of the formula used to calcu-

late your retirement benefit. When you retire, your benefit checks will be based on information received up to that point and will be considered an estimated amount.

After your employer submits your final earnable compensation information, retirement contributions for your 12 highest consecutive quarters of earnable compensation will be audited. Your AFC may be adjusted after the audit if any of the contributions included in the AFC calculation were for any payments not considered a part of your regular earnable compensation base. Your AFC will also be adjusted according to statute to include payment for your unused annual leave.

As a result of the information received from your employer and the audit of the contributions for your 12 highest consecutive quarters of earnable compensation, your retirement benefit will be finalized. The final amount may be less than, or more than, your estimated benefit.

Service Retirement Benefit Formula

The four-step formula on Page 15 is used to calculate your monthly benefit using the Option A payment plan described on Page 15.

Step 1 Total your 12 highest consecutive quarters of earnable compensation and divide by 3.¹

Step 2 Multiply the result of Step 1 by 2.14 percent (.0214) for Class II service. A Class I monthly benefit is calculated at \$10.97 for each year of Class I service.

Step 3 Multiply the result of Step 2 by years, months, and days of service.²

Step 4 Divide the result of Step 3 by 12.

AFC = \$25,000

Service Credit = 25 years

$\$25,000 \times 2.14\% (.0214) = \535

$\$535 \times 25 = \$13,375$

(annual retirement benefit)

$\$13,375 \div 12 = \$1,114.58$

(Option A monthly benefit)

¹The dollar amount of payment for up to 45 days of unused annual leave paid by your last employer at retirement may be included before averaging your 12 highest consecutive quarters of earnable compensation. The result of Step 1 is your AFC.

²Convert months to days and divide the total days by 360 to determine a decimal equivalent for partial years. For example, 25 years, 2 months and 10 days equals 25 years, 70 days (60 + 10). $70 \div 360 = .19$. This amounts to 25.19 years of service.

Unused Leave at Retirement

Annual Leave

Only an amount up to and including 45 days' pay for unused annual leave from your last termination payment shall be included before averaging your 12 highest consecutive quarters of earnable compensation (see Step 1 of the benefit formula above).

Sick Leave

At retirement, you may receive service credit for up to 90 days of unused sick leave from your last employer at no cost to you (see Step 3 of the benefit formula above). This service credit cannot be used to establish retirement eligibility. Sick leave is reported by your employer after retirement. One month of service credit is granted for each 20 days of sick leave.

Payment Options at Retirement

There are three monthly benefit payment options available to you at retirement. Select the option that best suits your needs. Your payment option may not be changed once benefits are first payable.

Option A (Maximum Retiree Only Monthly Benefit)

This option provides the maximum monthly benefit available and will pay you a lifetime benefit based on your average final compensation, years of service, and a multiplier (.0214 for Class II or \$10.97 for each year of Class I service).

After your death, the Retirement Systems will return, through a lump-sum payment to your beneficiary or your estate, the remaining balance of any member contributions and interest, and any working retiree contributions not exhausted through receipt of benefits during your retirement.



Option B (100% - 100% Joint Retiree-Survivor Monthly Benefit)

You will receive a reduced (from Option A) monthly benefit for life. After your death, the same benefit (100 percent of your reduced monthly benefit, including granted cost-of-living adjustments) will continue throughout your beneficiary's lifetime.

If all of your designated beneficiaries predecease you, your benefit will revert to Option A and include any cost-of-living adjustments granted since your retirement date.

You may select Option B only if your designated beneficiary is your spouse, or you designate

multiple beneficiaries or a sole beneficiary who is not your spouse and who is within the 10-year age difference limits allowed by an Internal Revenue Code (IRC) formula.

The non-spousal limits do not apply if the non-spousal beneficiary is older than you, or in the case of disability retirement or death benefits.

If, based on the IRC formula, the adjusted age difference for you and a non-spousal beneficiary exceeds the IRC limits, Option B would not be available to you. You would be able to select Option C, however, with no IRC restrictions.

Option C (100% - 50% Joint Retiree-Survivor Monthly Benefit)

You will receive a reduced (from Option A) monthly benefit for life. After your death, one-half of the benefit (50 percent of your reduced monthly benefit, including granted cost-of-living increases) will continue throughout your beneficiary's lifetime.

If all of your designated beneficiaries predecease you, your benefit will revert to Option A and include any cost-of-living increases granted since your retirement date.

If You Choose Option B or Option C

If you choose Option B or Option C and name multiple beneficiaries, after your death your benefit will be divided equally among those beneficiaries. The benefit will not change for the remaining beneficiaries if one beneficiary dies, either before or after the member dies.

If you select Option B or Option C and all of your designated beneficiaries predecease you, your benefit will revert to Option A effective on the date the last beneficiary died. You must notify the Retirement Systems upon the death of a beneficiary.



Approximate Percentage of Average Final Compensation at Retirement

The chart below displays the annual approximate percentage of average final compensation paid as a monthly benefit based on the Option A payment option. Choosing Option B or Option C to provide a future benefit for beneficiaries will reduce the amount of your monthly benefit.

Service Credit	Percentage
25 years	54%
30 years	64%
35 years	75%
40 years	86%

Approximate Amount of Option A Monthly Benefit at Retirement

The information in the table below is based on the Option A payment option. Choosing Option B or Option C to provide a future benefit for beneficiaries will reduce the amount of your monthly benefit.

AFC	Years of Service						Additional Monthly Benefit for Each Additional Year
	5	10	15	20	25	30	
\$20,000	\$ 178	\$ 357	\$ 535	\$ 713	\$ 892	\$1,070	\$ 36
25,000	223	446	669	892	1,115	1,338	45
30,000	268	535	803	1,070	1,338	1,605	54
35,000	312	624	936	1,248	1,560	1,873	62
40,000	357	713	1,070	1,427	1,783	2,140	71
45,000	401	803	1,204	1,605	2,006	2,408	80
50,000	446	892	1,338	1,783	2,229	2,675	89
55,000	490	981	1,471	1,962	2,452	2,943	98
60,000	535	1,070	1,605	2,140	2,675	3,210	107
65,000	580	1,159	1,739	2,318	2,898	3,478	116
70,000	624	1,248	1,873	2,497	3,121	3,745	125
75,000	669	1,338	2,006	2,675	3,344	4,013	134
80,000	713	1,427	2,140	2,853	3,567	4,280	143
85,000	758	1,516	2,274	3,032	3,790	4,548	152
90,000	803	1,605	2,408	3,210	4,013	4,815	161
95,000	847	1,694	2,541	3,388	4,235	5,083	169
100,000	892	1,783	2,675	3,567	4,458	5,350	178
110,000	981	1,962	2,943	3,923	4,904	5,885	196

Post-Retirement Information

Retirement Checks

Retirement checks are mailed or directly deposited into your bank account on the last business day of each month. We strongly encourage all payees to participate in direct deposit; however, if you do not have a bank account into which benefits may be automatically deposited, you may receive a paper check each month.

If you do not receive your check within five business days, please contact Customer Services. Endorse all checks as drawn. If someone else must endorse your checks, notify the Retirement Systems immediately. It is also very important to notify the Retirement Systems in writing of any change to your home mailing address.

Taxes

The taxable portion of your monthly benefit is subject to federal and state income taxes. Check with an accountant or a tax advisor regarding your tax liability.



Cost-of-Living Adjustments

Under current statute, cost-of-living adjustments (COLA) for eligible PORS retirees are not automatic. The Retirement Systems' actuary must first determine whether funding requirements have been met, then the SC Budget and Control Board may approve the COLA.

If approved, a COLA is effective July 1. Your annuity will increase by no more than 4 percent if the Consumer Price Index for Wage Earners and Clerical Workers (CPI-W) increased by 4 percent or more during the prior calendar year. If the CPI-W increase for the prior calendar year is less than 4 percent, your annuity will increase by the actual percentage increase in the CPI-W. The earliest you can receive a COLA is the second July 1 after your date of retirement.

Non-Working Retired Member Incidental Death Benefit

As a non-working retiree, if you die and your last employer prior to retirement provides incidental death benefit coverage (see Page 3), a payment based on your service credit will be paid to your beneficiaries as follows:

Years of Service Credit	Benefit
10 to 19 years of service credit	\$2,000
20 to 24 years of service credit	\$4,000
25 or more years of service credit	\$6,000

Returning to Covered Employment

If you return to work after retirement, there is no limit on the dollar amount that you may earn as compensation; however, you must first have a complete, bona fide severance or termination from employment. After 15 days of retirement, you may be hired by an employer covered by the Retirement Systems to return to work.

If you return to covered employment sooner than 15 consecutive calendar days after retire-

ment, your retirement benefit will be suspended while you remain employed by a covered employer.

Any retired member who is employed by an agency that adheres to state personnel policies will be exempt from the State Employee Grievance Procedure Act (employment is **at will**). If, as a retired member, you return to work for an employer that is not governed by state personnel policies, you would be subject to your employer's policies regarding employment status and rights.

Working 48 Continuous Months

If you return to employment and work 48 continuous months for a covered employer with an annual earnable compensation of at least 75 percent of the AFC used to calculate your retirement benefit, you may elect to cease your retirement benefit and become an active member of the Retirement Systems.

If you become an active member again, you have the option to repay all retirement benefits and make a payment equal to the amount you would have contributed during the period you would have been an active member plus interest to receive service credit for the 48-month period. When you subsequently retire, your retirement benefit will be calculated as if you were retiring for the first time.

Working Retired Member Incidental Death Benefit

If you are a working retired member and your employer provides incidental death benefit coverage, a payment equal to your current earnable compensation will be paid to your beneficiary or trustee.

Working Retired Member Contribution Rate

Retired members who return to covered employment contribute a tax-deferred 6.5 percent of gross pay into their retirement account. Working retirees will not earn additional service credit or receive interest on their account.

Working retirees can be assured of getting back contributions made as a working retiree, however,

through either benefit payments to the retiree or benefit payments and/or a refund of contributions to the retiree's surviving beneficiary.

Beneficiary and Payment Option Changes

Retired Member Incidental Death Benefit

You may change your beneficiary for the retired member incidental death benefit at any time regardless of the payment option you selected.

Option A

You may change your beneficiary for retirement benefits at any time. However, if you have a change in marital status (death of spouse, marriage, divorce), you may also select a new payment option and designate a new beneficiary within one year of the qualifying event.

Option B and Option C

If all of your beneficiaries predecease you, your benefit will revert to Option A effective on the date the last beneficiary died. You must notify the Retirement Systems upon the death of a beneficiary. You may then select a new beneficiary under Option A. If you have a change in marital status (death of spouse, marriage, divorce), you may also select a new payment option within one year of the qualifying event.

Payment Option Change Limitation

Your form of monthly payment may not be changed more than twice regardless of the number of events (death of a designated beneficiary or change in marital status) that occur.

A reversion to Option A after the death of your beneficiary will count as one of the two changes. If a second beneficiary predeceases you after you have again selected Option B or Option C, you will revert automatically to Option A; however, no further form of payment changes will be allowed.

Changes in form of payment occurring before January 1, 2001, are not included in the limitation provision.



PORS Member Handbook

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